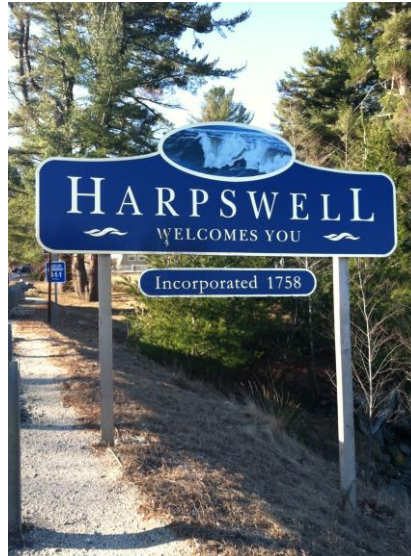


Economic Development Plan

for the

Town of Harpswell, Maine



Provided by: Planning Decisions, Inc.

www.planningdecisions.org

April 4, 2013

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1. Executive Summary

In the fall of 2012, the Town of Harpswell hired a consultant and began planning for an economic development strategy. The process involved numerous meetings with local residents (see Appendix C for notes from public meetings, and chapter 4 for notes from individual interviews). The consultant was also guided by the advice of an Economic Development Strategy Committee, consisting of Lisa Burke, John Halpin, Gail Kass, Robert Hutchins, Eric Smith, Scott Couture, Jennifer Laskey VerPlanck, and selectman liaison Alison Hawkes. While the responsibility for the analysis and recommendations in this report lies with the consultant, the help provided by the committee proved invaluable.

Economic development can mean many things. The people of Harpswell described it as follows:

Economic development in Harpswell should...

- create more employment opportunities for Harpswell residents
- increase incomes
- help attract and retain new families and sustain a vibrant year-round community
- be in keeping with community character and heritage
- be of appropriate scale and support, not overwhelm, the existing community
- support existing businesses as well as new ones
- be environmentally benign, without pollution or negative impacts on the natural environment.

Harpswell is a unique community, shaped by its geography. It consists of long peninsulas and islands, with 200 miles of ocean coastline. It has three villages, but no one town center. It is close to Boston and Portland, but not next to a highway. All of these factors play into the town's business, residential, and tourism economies.

In the past decade, the town's population has become older and more seasonal. Land and housing is relatively expensive, compared to surrounding towns. A high proportion of workers (1 in 6) in Harpswell are "self-employed," and do not show up in standard economic indicators. Most Harpswell workers (90%) commute to jobs in other towns. Still, there are over 200 small businesses in the community, including construction-related (26) and business services (35). In all, 450 work in the community in conventional jobs (that pay unemployment insurance), and another 423 work in self-employment.

The retail and tourism sectors are doing well, growing 8% between 2010 and 2011, and growing another 8% in the first two quarters of 2012. Fishing is not doing as well. Harpswell residents

hold 545 commercial fishing licenses, down from 707 in 2000. Most are for lobsters (58%) or shellfish (14%). While no data is available for Harpswell itself, landings for lobster statewide have nearly doubled in the last ten years. However, new restrictions on groundfish catches, and low prices for lobsters, make fishing a difficult business in 2013.

Local observers of the economy report that Harpswell has a reputation of not being interested in more business development; that the town lacks a critical mass of year-round residents to support year-round businesses; that the town is off the beaten path for tourism; that land costs are making it difficult for fisherman and their support businesses to survive; that there are opportunities to grow based on the economic growth coming in the Brunswick area.

Mitchell Field is a major town asset for potential economic development, with 119 acres, a half mile of waterfront, and a deep water port. But several efforts to develop business at the site have been unsuccessful. Potential infrastructure improvement costs are high. Town policies seem to favor a business with deep enough pockets to pay rent and make infrastructure investments, but with a small enough building footprint and operation that it has no impacts on neighbors. So far no proposed operation fits this description.

Through committee and public meeting discussions, four areas of focus were identified as having the most promise for future economic growth. They were chosen because they were:

- consistent with town's economic development goals (see above)
- in a sector where the town has skilled workers and experience
- in a sector with potential or likely economic growth statewide in the future

The four areas include:

1) Fishing, aquaculture, and marine-related businesses

While fishing remains a vital part of Harpswell's economy, over time it has become too dependent upon just one species, lobster. If there were a disease or a market failure of some sort, the fishing community in Harpswell would be at risk. The opportunities in this sector are to diversify in species – both offshore and in aquaculture; to add value to the product through processing; and to sell direct to consumers.

2) Support local businesses

Both year-round and summer residents may not know about local contractors and business services that they could utilize. There are also opportunities to do more selling in the Greater Brunswick area economy. The Town itself could provide favorable treatment to local bidders in awarding contracts.

3) Promote tourism and the arts

This is already a growing sector in Harpswell. An aggressive use of social media for marketing could help local businesses overcome the problem of not being well-known. Better signage, experiential tourism, and tourism “packages” could also help grow this sector.

4) Build a marine research and development capacity

The new charter school in Harpswell will create additional capacity for marine-related education and research in the town. Already Bowdoin has a coastal studies center on Orrs Island. While it is unclear at this point where future possibilities may arise to build on this capacity, this is an area to watch.

The most realistic and most effective strategy for Harpswell to foster economic growth consistent with its character is to strengthen and support existing small businesses.

The **goals** for such a strategy would include:

- 1) Grow year round sales, particularly in the greater Brunswick area market (which is where the year-round residents of the region mostly live);
- 2) Grow the fisheries sector through the diversification of species, aquaculture, and niche food processing; and
- 3) Increase sales to tourists, seasonal residents, and year-round residents through an aggressive adoption of social media marketing.

The economic development strategy should be **led by Town of Harpswell staff**. This is a multi-year effort, and while volunteer organizations like the Harpswell Business Association must play an important role, they do not have the capacity to sustain a day-in, day-out strategy. The Town can start by using existing staff to help with specific tasks like internet marketing, grant applications, and creating a resource library. If these efforts bear fruit, in the future the Town might consider hiring a staff person dedicated to economic development.

Activities should be centered around **support for existing small businesses**. Support includes ongoing communication with local businesses to understand their needs, undertaking marketing activities, and bringing in outside experts with specific skills to teach.

The Town should **measure the effectiveness of these activities annually**, specifically in relation to the three goals listed above. Possible metrics are suggested in the report (Table 18).

Finally, **the Mitchell Field Implementation Committee should be charged with creating a business plan** for the financing of infrastructure improvements over the next ten years; and recommendations on changes in the current approach that would make the site more attractive to marine businesses in the future.

2. Goals

Why does a town want “economic development?” There are lots of reasons: more property tax revenue to support town government, more jobs for young people, a livelier main street, higher incomes.

The reason matters to the ultimate strategy a town might pursue. A warehouse can provide tax revenues, but not many jobs or much life on main street or much in the way of incomes. Clarity about goals matters.

Here are the reasons Harpswell people give to pursue economic development in the town:

Economic development in Harpswell should...

- create more employment opportunities for Harpswell residents
- increase incomes
- help attract and retain new families and sustain a vibrant year-round community.

Not all economic development is desired in Harpswell. Residents say that any new development should be:

- in keeping with community character and heritage
- of appropriate scale and support, not overwhelm, the existing community
- supportive of existing businesses as well as new ones
- environmentally benign, without pollution or negative impacts on the natural environment.

3. Economic Snapshot

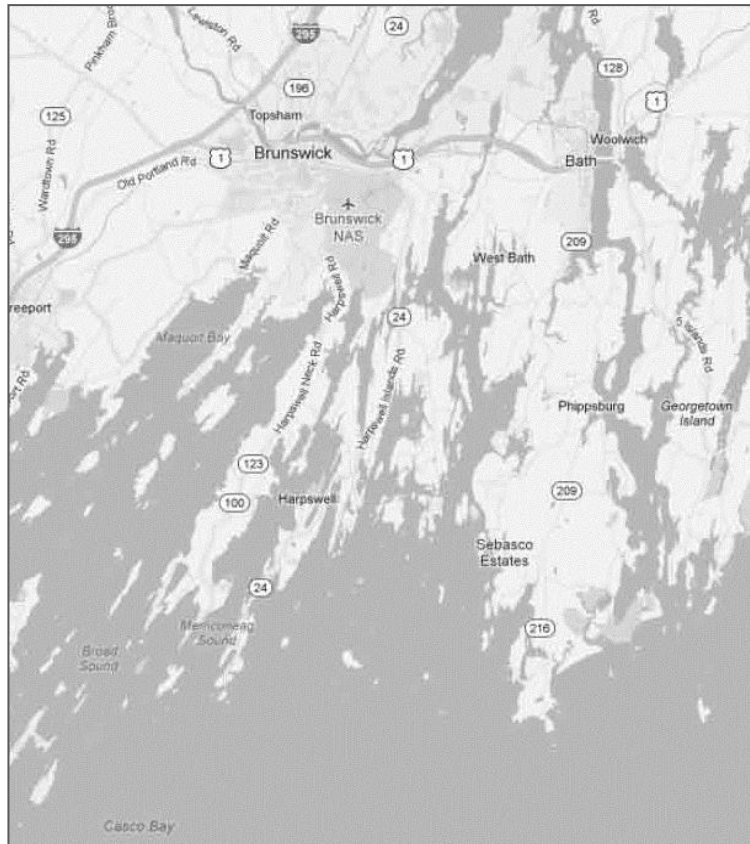
A. A unique geography

Harpswell is shaped by its geography, socially as well as economically.

The town stretches out along three corridors of peninsulas and islands, with ocean water on all sides. This creates three “communities” or “villages.” But there is not one central spot where all of the town’s 5,000 year-round residents and perhaps 10,000 summer tourists and part-time residents gather. The lack of a central spot makes it harder to sustain a retail business in town.

Secondly, the town has 200 miles of coastline. For this reason, fishing and boating have been critical components of the town’s past, and will continue to be so in the future.

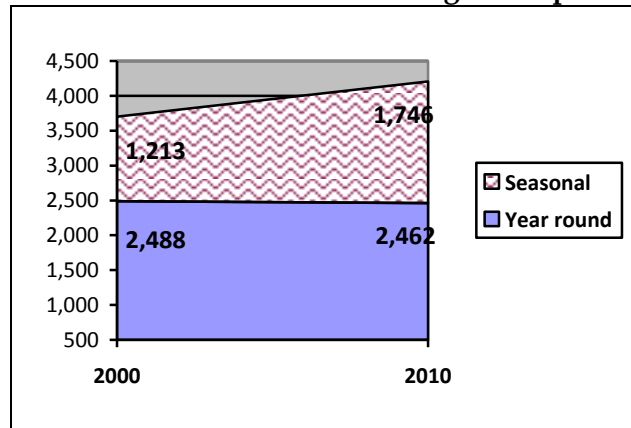
Third, the town is in southern Maine, closer to Boston than much of coastal Maine. But it is not on the main coastal road north (Route 1), so is only found by travelers who specifically decide to turn south.



B. Moving to a more seasonal, older population

In the last decade the town’s population has become markedly more seasonal (summer) and less year-round. From 2000-2010, the town gained 533 seasonal housing units, and lost 26 year-round units (see Figure 1). The proportion of the town’s housing stock that is seasonal grew from 32% to 41%.

Figure 1: Year -round and Seasonal Housing in Harpswell, 2000-2010



Source: U.S. Decennial Census

This adds a second difficulty to running a retail or service business in Harpswell – half of the customers leave in September and don’t return until June.

As a result of this housing shift, the town actually lost year-round population in the last decade. Between 2000 and 2010, Harpswell experienced a 10% loss in total population (Table 1). Besides the conversion of year-round housing into seasonal housing, the closure of the Brunswick Naval Air Station (BNAS) also had an effect. At the time of the closing, 54 BNAS military personnel lived in Harpswell, as well as 15 civilian employees.¹

Table 1: Population

	Harpswell	Brunswick, Topsham, Bath, West Bath	Maine
2000	5,239	41,336	1,274,923
2010	4,740	39,453	1,328,361
<i>% Change</i>	-10%	-5%	4%
<i># Change</i>	-499	-1,883	53,438

Source: U.S. Decennial Census

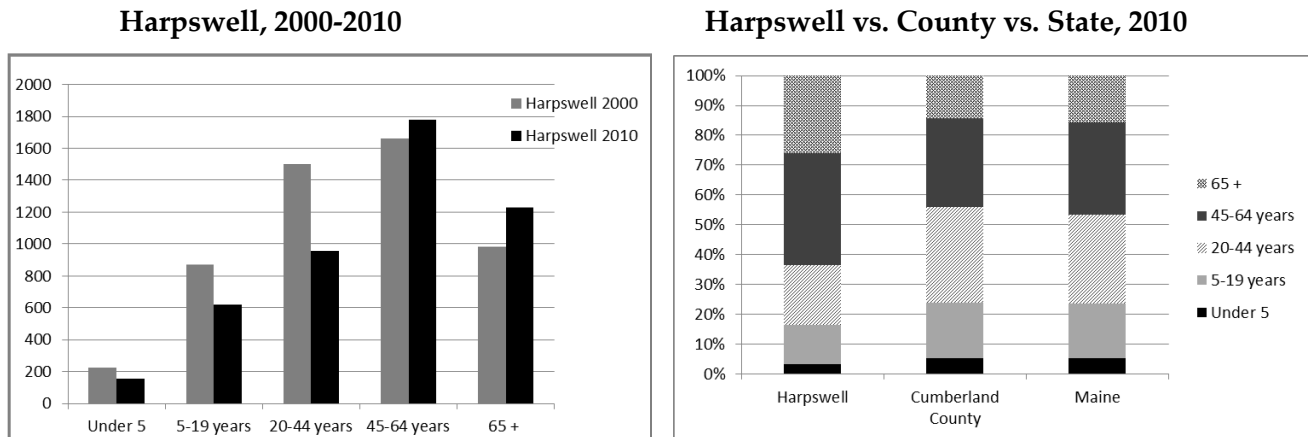
To the extent that the seasonal population can be attracted to become year-round residents, this would create a stronger year-round market for local businesses.

Harpswell’s population is also aging. This is a national trend, but it is exacerbated in Harpswell’s case because it is an attractive retirement community, and the cost of housing and land is generally unaffordable to young families starting out. Between 2000 and 2010, this

¹ RKG Associates, BRAC Preparedness Strategy, Brunswick, Maine, 2005.

combination of factors led to a marked decline in the number of people in the 20 to 44 age group in Harpswell.

Figure 2: Population by Age



Source: U.S. Decennial Census

In 2010, Harpswell had higher proportions of residents 45 years and older than Cumberland County and the state, and lower proportions of residents 44 years and younger.

C. More expensive housing

The Base closure had a major impact on the entire region. Between 2000 and 2010, Harpswell lost 5% of its households. Neighboring communities lost 3.4%.

Table 2: Households

	Harpswell	Brunswick, Topsham, Bath, West Bath	Maine
2000	2,335	16,938	518,372
2010	2,218	16,366	557,219
% Change	-5.0%	-3.4%	7.5%
# Change	-117	-572	38,847

Source: U.S. Decennial Census

Because of the decline in year-round households, the vacancy rate in owner and rental housing rose significantly during the 2000 and 2010 decade. The owner vacancy rate went from under 1% to over 3%, and the rental vacancy rate approached 14%.

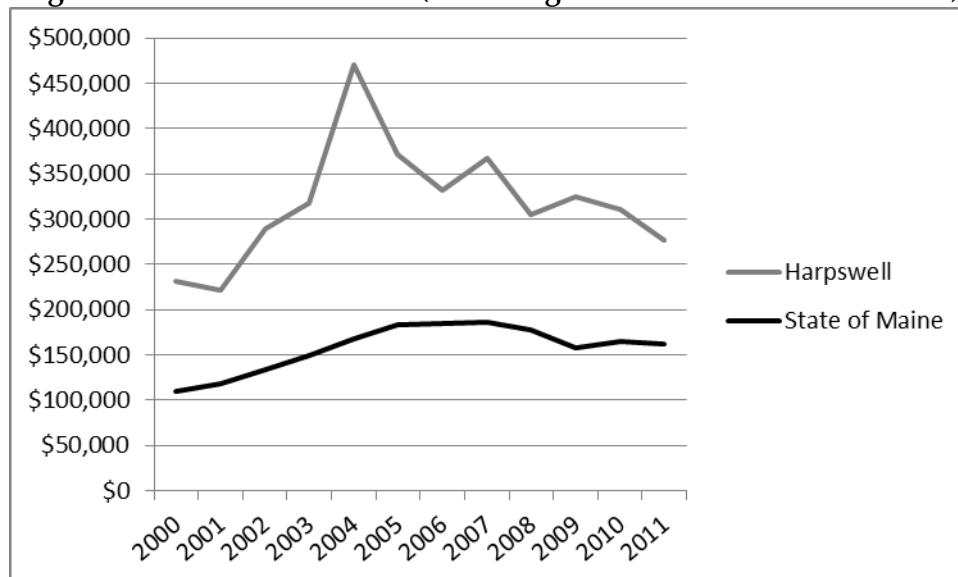
Table 3: Owner and Rental Housing

	2000	2010	# Change
Total housing units	3,701	4,208	507
Total year round	2,488	2,462	-26
Owner housing	1,858	1,822	-36
Vacant for sale	15	59	44
<i>% owner vacant</i>	0.8%	3.2%	2.4%
Rental housing	549	527	-22
Vacant for rent	52	72	20
<i>% renter vacant</i>	9.5%	13.7%	4.2%
Seasonal	1,213	1,746	533

Source: U.S. Decennial Census

Despite the decline in year-round population, the rising vacancy rate, and the recession, home prices in Harpswell increased over the last decade, though they declined from the pre-recession high.

Figure 3: Median Home Price (excluding homes over a million dollars)



Source: Maine State Housing Authority

The Herrigel Group² reports that as of October 2012, there are 108 properties for sale in Harpswell, with a median asking price of \$468,000. By way of contrast, the Herrigel Group reports that as of September, 2012, in neighboring Brunswick, there were 122 homes and condominiums for sale with a median asking price of \$172,000. Young families looking for affordable housing are unlikely to look in Harpswell.

Rental costs in Harpswell historically are close to the Brunswick area average. In 2009, the Maine State Housing Authority reported that the average 2-bedroom rent (utilities included) in Harpswell went for \$879, compared to \$922 in Brunswick. There is newer rental stock in Brunswick, and the locations there are more convenient to Greater Portland jobs.

Another way to consider the cost data is to look at valuation statistics. A town's state valuation is the sum of all real and personal property subject to taxation under Maine law (equalized among municipalities to reflect market values). Between 2002 and 2012, Harpswell's state-adjusted municipal valuation rose 59%, vastly more than its neighboring communities and the state as a whole.

Table 4: Maine State Property Valuation

	Harpswell	Brunswick, Topsham, Bath, West Bath	Maine
2002	\$775,800	\$2,330,050	\$84,873,180
2003	\$892,850	\$2,582,800	\$94,025,050
2004	\$1,024,400	\$2,823,500	\$104,219,950
2005	\$1,184,800	\$3,193,500	\$117,888,170
2006	\$1,496,400	\$3,619,500	\$133,628,600
2007	\$1,729,700	\$4,021,700	\$148,946,200
2008	\$1,983,850	\$4,297,200	\$162,744,550
2009	\$2,053,250	\$4,388,200	\$168,071,150
2010	\$2,005,900	\$4,466,800	\$170,336,350
2011	\$2,009,600	\$4,273,450	\$166,990,700
2012	\$1,908,650	\$4,087,400	\$163,424,200
% Increase in 10 years	59%	43%	48%

Source: Maine Revenue Services

² The Herrigel Group is a real estate company which provides data on southern Maine real estate trends

D. Incomes rising

The in-migrants are raising the median income in Harpswell faster than the rest of the state.

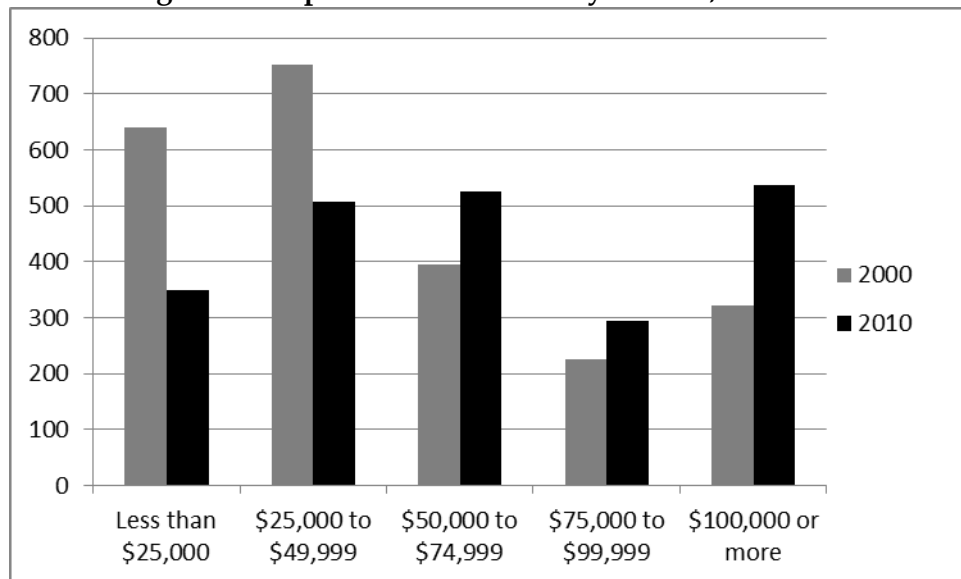
Table 5: Median Household Income

	Harpswell	Cumberland County	Maine
2000	\$41,437	\$43,780	\$37,072
2010	\$65,030	\$55,658	\$46,933
% Change	57%	27%	27%
# Change	\$23,593	\$11,878	\$9,861

Source: U.S. Census 2006-2010 American Community Survey³

Not surprisingly, the number of households in Harpswell with incomes higher than \$50,000 has increased since 2000, while the number of households with income lower than \$50,000 has decreased.

Figure 4: Harpswell Households by Income, 2000-2010



Source: U.S. Census 2006-2010 American Community Survey

Much of this new income is from investments and pensions. The average annual wage for all employment (weekly wage x 52) in Harpswell is \$27,664, which is significantly lower than the

³ There are two U.S. Census data sources cited in this report. The first is the decennial census, a 100% survey conducted every ten years. The second is the American Community Survey (ACS), a sample survey conducted annually. For geographies with fewer residents, annual ACS results are combined to reduce margins of error. We used 5 year ACS data, collected from 2006-2010.

median income. A lower proportion of aggregate household income comes from earnings in Harpswell compared to the county and the state (Table 6, below).

E. Many in Harpswell are self-employed⁴

Within earnings, there is significantly higher self-employment income in Harpswell. This would include the many fishermen and craftspeople, as well as those in trades like plumbing and carpentry, or housecleaning and landscaping, who work for themselves.

Table 6: Aggregate Income and Earnings

	Harpswell	Cumberland County	Maine
Total Aggregate Household Income	\$164,478,300	\$8,568,333,600	\$33,087,606,200
Household Earnings	\$114,345,900	\$6,882,604,400	\$25,599,334,300
<i>Earnings as % of Total Income</i>	69.5%	80.3%	77.4%
Wage or Salary Earnings	\$92,645,900	\$6,375,084,400	\$23,194,154,700
<i>Wage/Salary as % of Earnings</i>	81.0%	92.6%	90.6%
Self-Employment Income	\$21,700,000	\$507,496,800	\$2,404,999,200
<i>Self-Employment as % of Earnings</i>	19.0%	7.4%	9.4%
Social Security Income	\$16,176,800	\$487,305,200	\$2,566,252,100
<i>Social Security as % of Total Income</i>	9.8%	5.7%	7.8%
Retirement Income	\$12,425,900	\$395,253,300	\$1,939,265,000
<i>Retirement as % of Total Income</i>	7.6%	4.6%	5.9%
Other Income	\$21,529,700	\$803,170,700	\$2,982,754,800
<i>Other Income as % of Total Income</i>	13.1%	9.4%	9.0%

Source: U.S. Census 2006-2010 American Community Survey

In fact, almost one-third (30%) of Harpswell households report income from self-employment, twice as many as in the county or the state as a whole.

Table 7: Households with Self-Employment Income, 2010

	Harpswell	Cumberland County	Maine
Households	2,210	116,616	551,125
With Self-employment Income	670	17,815	88,557
<i>% households with self employ income</i>	30%	15.3%	16.1%

Source: U.S. Census 2006-2010 American Community Survey

⁴ For tax purposes, the IRS defines workers as self-employed if they: (1) carry on trade or business as a sole proprietor or independent contractor, (2) are a member of a partnership that carries on trade or business, or (3) are otherwise in a business for oneself.

Some self-employed work for themselves in an incorporated business. They are considered business owners, and are not included in labor force data. However, those self-employed who work for themselves in a non-incorporated business are part of the labor force. With this definition, 1 in 6 people in Harpswell's labor force are self-employed (see Table 8).

Table 8: 2010 Harpswell Labor Force

	2010	%
Population age 16 + in labor force	2,552	100%
Employed	2,312	91%
Private wage and salary workers	1,649	65%
Government workers	240	9%
Self-employed in own not incorporated business workers	423	17%

Source: U.S. Census 2006-2010 American Community Survey

F. Most workers commute

Most people in Harpswell commute to other towns to work. Of those people who work in jobs covered by unemployment insurance (excludes business owners and self-employed), 90% commute to Brunswick or other outside communities.

Table 9: Where Workers are Employed Who Live in Harpswell, 2010

Commute to...	2010	%
<i>Total Harpswell workers</i>	<i>1,691</i>	
Brunswick	395	23.4%
Harpswell	174	10.3%
Portland	165	9.8%
Topsham	140	8.3%
Bath city	129	7.6%
Freeport	62	3.7%
Lewiston	61	3.6%
South Portland	47	2.8%
Augusta	44	2.6%
Auburn	32	1.9%
All Other	442	26.1%

Source: U.S. Census "On the Map"

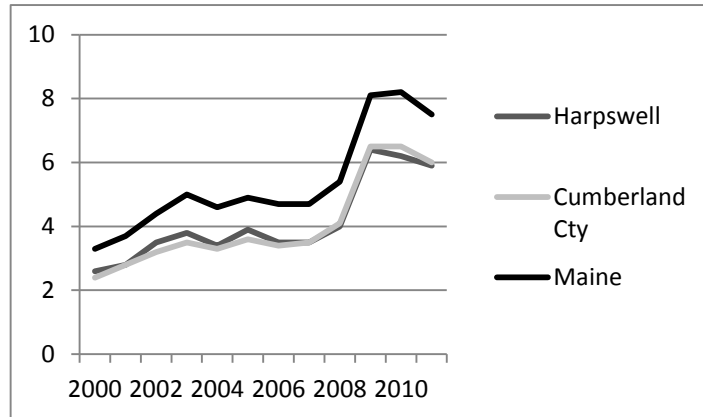
Over the last decade, Harpswell's unemployment rate has been similar to the county's, and lower than the state's as a whole. In 2011, an estimated 142 people in Harpswell were unemployed, out of a labor force of 2,400, for an unemployment rate of 5.9%⁵.

Table 10: 2011 Employment

	Harpswell	Cumberland County	Maine
Civilian Labor Force	2,400	159,436	704,078
Employment	2,258	149,870	651,038
Unemployment	142	9,566	53,040
Unemployment Rate	5.9%	6.0%	7.5%

Source: Maine CWRI, QCEW

Figure 5: Unemployment Rate



Source: Maine CWRI

G. Thriving small businesses

Despite the difficult cost, demographic, and transportation challenges for retail and service enterprises, there are many successful small businesses in Harpswell.

⁵ The unemployment rate is based on a national sample of households. From this sample, state rates are determined along with the national rate. The state information is then used through a model-based module to generate the substate (i.e. county/city) data.

The Tax Assessor lists 229 small businesses in Harpswell with taxable personal property. The website Manta.com lists 205 businesses in Harpswell, which represent a large variety of sectors (see below).

<i>Advertising & Marketing (1)</i>	<i>Housing (2)</i>
<i>Agriculture (5)</i>	<i>Legal (4)</i>
<i>Apparel (1)</i>	<i>Nonclassifiable establishments (2)</i>
<i>Associations/Non-Profits (12)</i>	<i>Other Business Services (35)</i>
<i>Automotive Services (7)</i>	<i>Other Consumer Products & Services (6)</i>
<i>Building & Construction (26)</i>	<i>Passenger Car Leasing (10)</i>
<i>Consumer Electronics & Appliances (1)</i>	<i>Printing & Publishing (2)</i>
<i>Consumer Services (9)</i>	<i>Professional Services (12)</i>
<i>E-Commerce & IT Outsourcing (1)</i>	<i>Real Estate (7)</i>
<i>Educational Services (3)</i>	<i>Restaurants & Bars (9)</i>
<i>Energy & Resources (1)</i>	<i>Shopping & Stores (19)</i>
<i>Financial (2)</i>	<i>Telecommunications & Wireless (2)</i>
<i>Food (11)</i>	<i>Transportation & Shipping (2)</i>
<i>Government (7)</i>	<i>Travel & Leisure (7)</i>
<i>Healthcare (6)</i>	

The leading types are business services 35) and building and construction (26).

Not surprisingly, there is some seasonality to employment in Harpswell's businesses. Employment among businesses that are incorporated and have jobs covered by unemployment insurance (also known as "covered employers") is highest in the summer (the third quarter, or July through September).

Table 11: Employment in Harpswell Businesses by Quarter, 2011

Quarter	Establishments	Avg Employment	Total Wages	Avg Weekly Wage
Q1	148	318	\$2,278,764	\$551
Q2	151	466	\$3,011,240	\$497
Q3	151	582	\$4,115,052	\$544
Q4	155	465	\$3,260,646	\$539

Source: Maine CWRI, QCEW

By industry of covered employers, Harpswell's accommodations and food services businesses employ the most people, followed by retail trade and construction businesses, then arts, entertainment and recreation. The professional, construction, and recreation sectors pay the highest wages.

Table 12: Employment by sector among Harpswell businesses, 2011

NAICS Title	Establish-ments	Avg Emplmt	% of jobs	Total Wages	% of wages	Avg Weekly Wage
Total, All Industries	155	457		\$12,650,173		\$532
Accommodations and Food Services*	14	124	27.1%	\$2,325,240	18.4%	\$362
Retail Trade	13	59	12.9%	\$1,080,530	8.5%	\$352
Construction	23	57	12.5%	\$2,336,650	18.5%	\$785
Arts, Entertainment, and Recreation	4	34	7.4%	\$1,314,892	10.4%	\$736
Administrative and Waste Services	6	23	5.0%	\$629,137	5.0%	\$536
Agricul, Forestry, Fishing & Hunting	22	21	4.6%	\$498,218	3.9%	\$453
Real Estate and Rental and Leasing	9	20	4.4%	\$300,689	2.4%	\$294
Other Services, Except Public Admin	19	20	4.4%	\$627,482	5.0%	\$619
Professional and Technical Services	21	14	3.1%	\$831,356	6.6%	\$1,142
Wholesale Trade	11	13	2.8%	\$530,333	4.2%	\$760

Source: Maine Dept. of Labor, CWRI, QCEW; *Accommodations and Food Services calculated using 1st quarter 2012 as proxy for 1st quarter 2011, which was not available

H. Strong recovery for retail and tourism

The retail sector in Harpswell is recovering nicely from the recession. Restaurant and lodging sales grew 8% from 2010 to 2011, then another 8% in the first two quarters of 2012 (which is the latest data available).

Table 13: Harpswell Taxable Retail Sales, in thousands of dollars

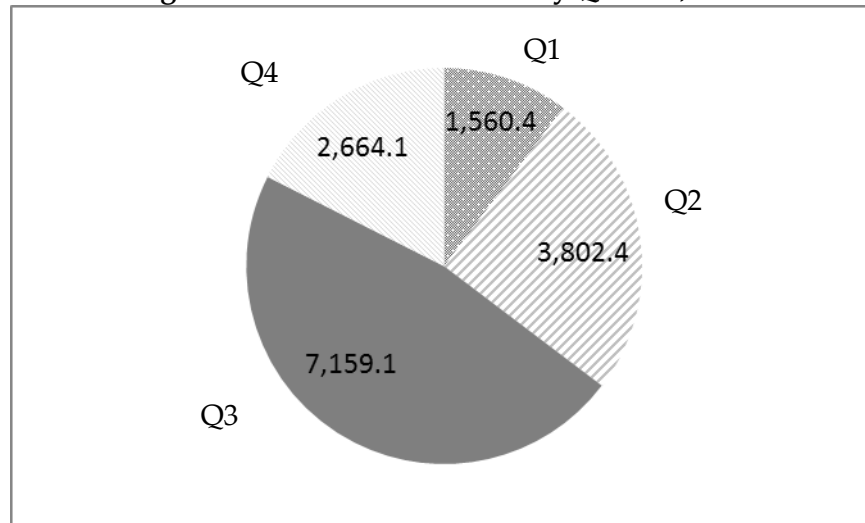
	Bldg. Supply ⁶	Food Store	Gen Mdse.	Other Retail	Auto Transp.	Restaur-ant & Lodging	TOTAL	Restaur-ant	Lodging
2007	\$82	\$1,352	\$306	\$1,208	\$1,545	\$7,006	\$11,498	\$4,065	\$2,941
2008	\$65	\$958	\$455	\$1,070	\$1,786	\$6,953	\$11,286	\$4,204	\$2,749
2009	\$7	\$754	\$491	\$1,086	\$2,246	\$6,730	\$11,313	\$4,074	\$2,657
2010	\$81	\$1,195	\$387	\$1,211	\$2,311	\$6,989	\$12,174	\$3,965	\$3,024
2011	\$132	\$1,197	\$731	\$1,253	\$3,525	\$7,973	\$14,811	\$4,568	\$3,406
2007-2011 # change	\$50	\$(155)	\$425	\$45	\$1,980	\$967	\$3,313	\$503	\$464
% Change	61.0%	-11.4%	139.2%	3.7%	128.2%	13.8%	28.8%	12.4%	15.8%

Source: Maine Revenue Services

⁶ In Maine's sales tax system, codings are by store type, not product. Thus, each store is coded into one of the store-type groups below depending on its predominant product; i.e., furniture sold by a furniture store will be included in General Merchandise sales while furniture sold by a hardware store will be included in Building Supply sales (www.maine.gov/spo/economics/retail/defs_retail.pdf)

As with employment, retail sales in Harpswell are disproportionately higher in the third quarter, July-September. One of the challenges to retail growth in Harpswell is in building up markets for sales in the other three quarters of the year. A larger year-round population would help even out the quarterly fluctuations.

Figure 6: Taxable Retail Sales by Quarter, 2011



Source: Maine Revenue Services

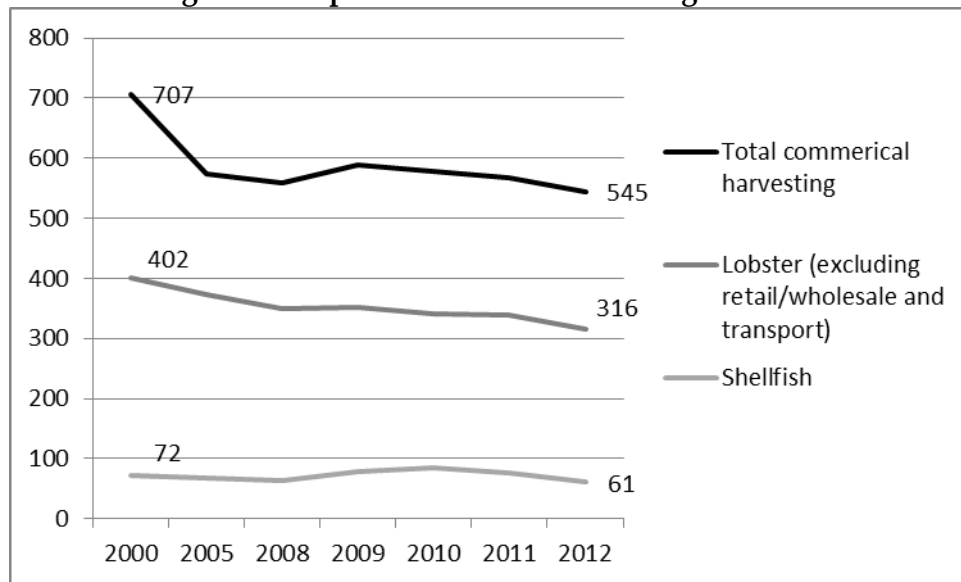
I. Fishing industry facing challenges

Historically, fishing has been an important part of the local economy. A 1999 study of the fishing industry in Harpswell⁷ found that each commercial license holder was associated with at least 2 jobs in commercial fishing and related local marine businesses. While the number of commercial fishing licenses⁸ held by Harpswell residents has declined slightly in recent years (Figure 7), there were still 545 in 2012, held by 361 individuals.

⁷ 1999 Town of Harpswell Fishing Industry Profile, prepared by Bruce Mayberry

⁸ Does not include processing, transport, retail and wholesale licenses

Figure 7: Harpswell Commercial Fishing Licenses⁹



Source: Maine Department of Marine Resources

Harpswell residents hold 6.3% of all commercial harvesting lobster licenses in the state, and 3.6% of all commercial shellfish licenses (see Tables 14 and 15).

Harpswell has a higher concentration of licenses in lobstering (58%) than the state as a whole (41%).

Table 14: Commercial Fishing Licenses, 2012

	Harpswell	Maine	Harpswell % of Maine
Total Commercial Fishing	545	12,221	4.5%
Lobster	316	5,016	6.3%
<i>Lobster as % of Total</i>	58%	41%	
Shellfish	61	1,675	3.6%
<i>Shellfish as % of Total</i>	11%	14%	

Source: Department of Marine Resources

⁹ Includes all licenses with addresses listed as Harpswell, Bailey Island, Orr's Island, or Cundy's Harbor.

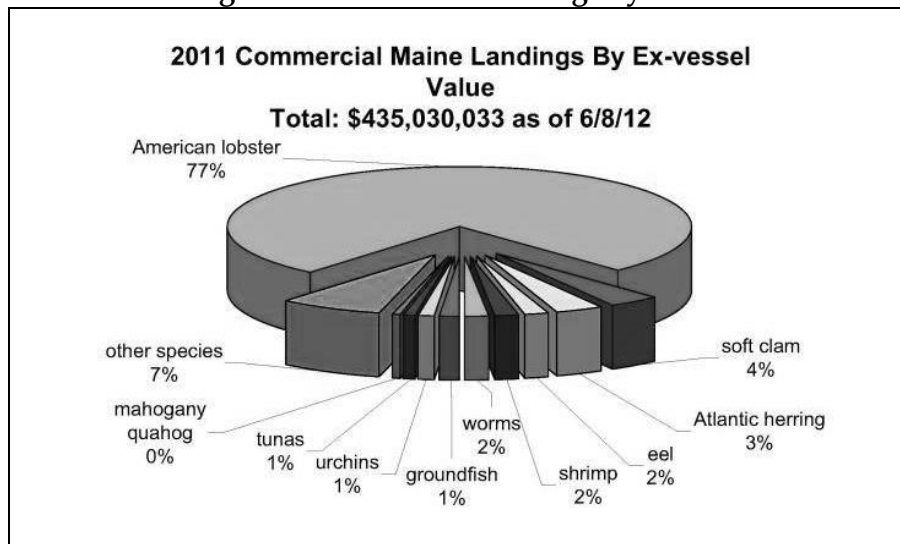
Table 15: 2012 Harpswell Fishing Licenses¹⁰

COMM FISHING/CREW	46	LOBSTER/CRAB OVER AGE 70	15
COMM FISHING/SINGLE	20	LOBSTER/CRAB STUDENT	38
COMM SHRIMP-CREW	34	LOBSTER/CRAB UNDER AGE 18	2
COMM SHRIMP-SINGLE	4	MARINE WORM DIGGING	8
COMMERCIAL PELAGIC AND ANADRAMOUS CREW	13	MUSSEL - DRAGGER	1
COMMERCIAL PELAGIC AND ANADRAMOUS SINGLE	9	MUSSEL - HAND	1
COMMERCIAL SHELLFISH	57	RECREATIONAL SALTWATER FISHING OPERATOR	4
COMMERCIAL SHELLFISH +70	4	RETAIL SEAFOOD	15
DEMO-LOBSTER	1	SCALLOP - DIVER	1
EEL (EEL POT/HOOP NET)	3	SCALLOP - DRAGGER	9
ELVER-1 FYKE NET	3	SCALLOP WITH TENDER	4
ELVER-2 FYKE NETS	1	SCALLOP, NON-COMM	4
ELVER-DIP NET	3	SEA URCHIN - DIVER	2
ELVER-DIP NET-1 FYKE	2	SEA URCHIN WITH TENDER	3
LOB/CRAB NON-COMM	71	SEAWEED	1
LOBSTER CRAB CLASS II +70	16	SHELLFISH TRANS OUT-OF-STATE	1
LOBSTER CRAB CLASS III +70	5	SHELLFISH TRANS SUPP	2
LOBSTER MEAT PERMIT	4	WHOLESALE NO LOBSTERS	2
LOBSTER TRANS (OUT-OF-STATE)	3	WHOLESALE NO LOBSTERS, SUPP	7
LOBSTER TRANS SUPP	6	WHOLESALE W/LOBSTERS	17
LOBSTER/CRAB APPRENT	4	WHOLESALE W/LOBSTERS, SUPP	16
LOBSTER/CRAB CLASS I	67		
LOBSTER/CRAB CLASS II	111		
LOBSTER/CRAB CLASS III	58		

Landings data is not available at the town level, but lobsters accounted for 77% of the total value of all Maine landings in 2011 (Figure 8).

¹⁰ Includes all licenses with addresses listed as Harpswell, Bailey Island, Orr's Island, or Cundy's Harbor.

Figure 8: 2011 Maine Landings by Value



Statewide, both the landings and value of soft-shell clams have fluctuated over the last decade. Overall, landings are up slightly, while value has increased significantly (Figure 9, Figure 10).

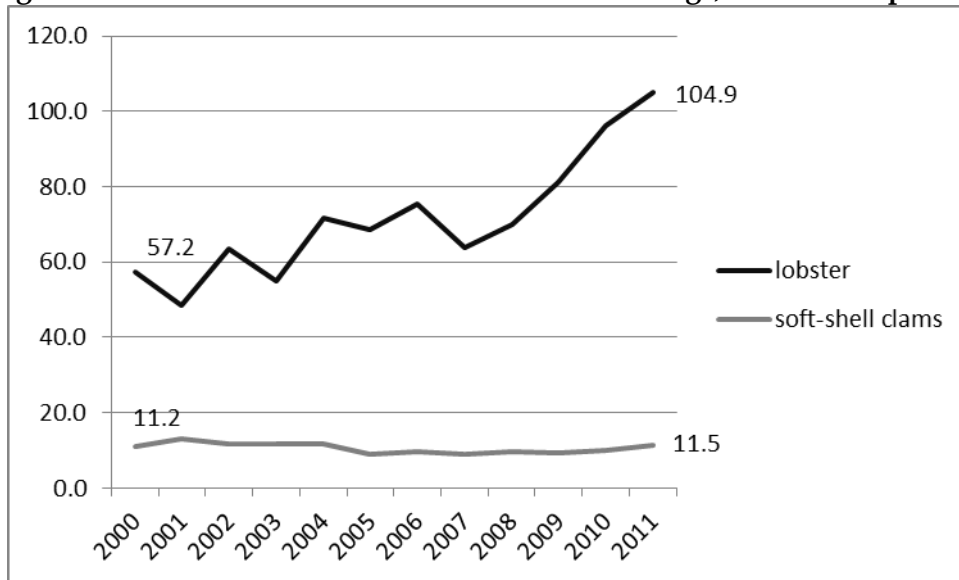
Lobster has fluctuated more wildly in landings and value, but the trend is upward.

While lobstering is enjoying record landings in Maine, marine biologists warn that dependence upon a “monoculture” of one species of marine life (lobsters) could create a disaster for the industry in the case of a disease or an environmental change.¹¹

The fishing industry is changing, with severe cuts on groundfish catches, and continued price pressures in lobstering. These are discussed further in the next section.

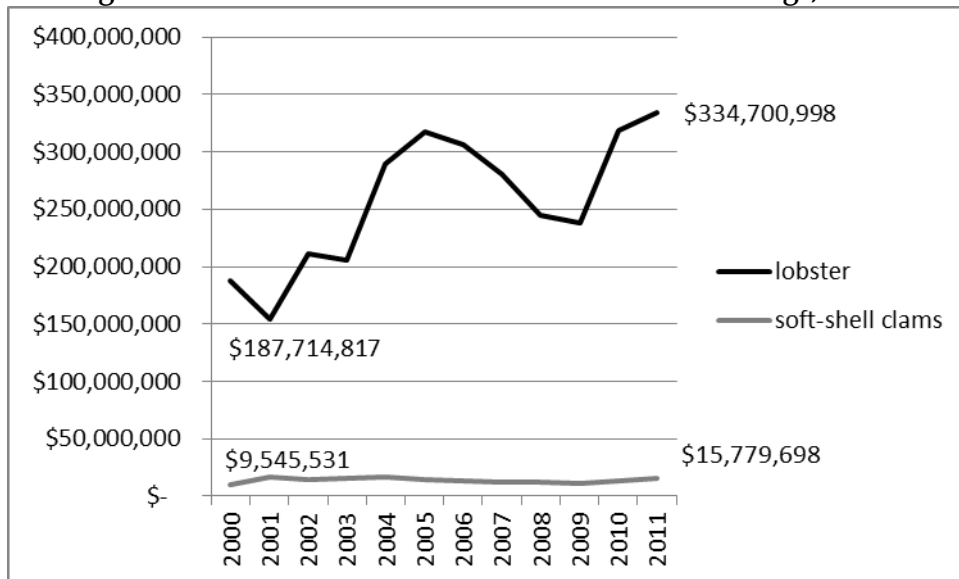
¹¹ See http://www.pressherald.com/news/states-lobster-explosion-an-economic-boon-biodiversity-bust_2012-11-29.html

Figure 9: Maine Lobster and Soft-shell Clam Landings, Millions of pounds



Source: Department of Marine Resources

Figure 10: Maine Lobster and Soft-shell Clam Landings, Value



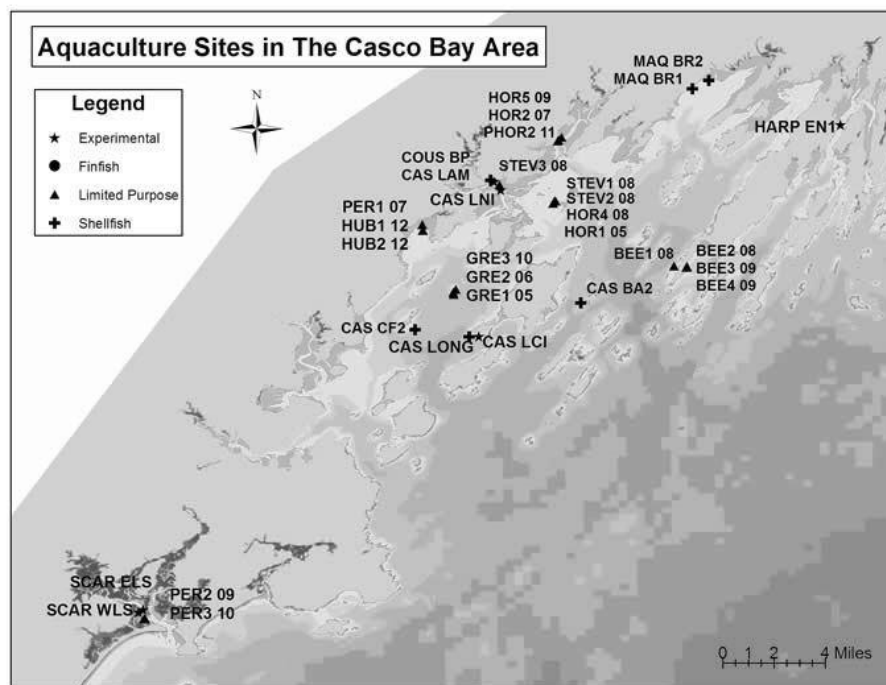
Source: Department of Marine Resources

J. Only two aquaculture sites

There are currently only two aquaculture sites in Harpswell. One is an experimental lease for growing oysters (see Figure 10 map, “HARP EN1”). It is less than 4 acres, and the lease expires in June, 2013. An experimental lease is different than a standard 10 year lease, which requires a public comment period and hearing, and has higher rents.

The other is a person with limited purpose aquaculture licenses (see Figure 11 map “BEE2 08, BEE3 09, BEE4 09”). The operation has been going for five years. These licenses allow the operator to put gear into a 400 square foot space in the water. It is not a formal lease, so is less expensive to operate and requires less of a regulatory process. Limited purpose licenses have grown in Maine from 30 just five years ago to 120 today.

Figure 11: Aquaculture sites in Harpswell



Source: Maine Department of Marine Resources

Unlike commercial fishing, aquaculture is a rapidly growing industry. It now produces half of the fish and shellfish consumed worldwide. The U.S. domestic seafood demand for 2025 is predicted to be 2.2 million metric tons more than today, and most of the increase is expected to be met by aquaculture. The current value of US aquaculture production is near \$900 million annually, and the U.S. Department of Commerce hopes to increase this to \$5 billion by 2025.

4. Informed Observers

As part of our research, Planning Decisions facilitated a series of public meetings to solicit ideas for economic development in Harpswell, including meetings with the Harpswell Business Association, the Harpswell Arts Guild, and members of the fishing community. The consultant also interviewed key people within Harpswell and outside. Within Harpswell, interviewees included members of the local business association, selectmen, and town officials. Outside of Harpswell, the consultants spoke with regional and state economic developers and other experts to see their perceptions of the opportunities that might exist for a coastal community like Harpswell.

Interviews conducted for this report included:

- Phil Savignola, Maine Department of Tourism
- Sebastian Belle, Maine Aquaculture Association
- Yarmouth Visitors Center
- David Marchovchick, Midcoast Regional Redevelopment Authority
- Gordon Weil, former selectman
- Reed Cole, Harpswell Heritage Land Trust
- Joe Grady, Harpswell Charter School
- Chris Heinig, Tony Barrett, Harpswell Oceanic Center
- Steven Cook, Maine Sea Salt
- Jack Sylvester, former selectman, Mitchell Field negotiator for Town
- Bill Mangum, Holbrook Foundation
- Dick Moseley, Harpswell Business Association
- Mike Aube, Eastern Maine Development Corporation President
- Diantha Robinson, Department of Marine Resources
- Aaron Fuchs, Island Institute
- Jen Levin, Gulf of Maine Research Institute
- W. Bradshaw Swanson, Maine Small Business Development Center

The results of those meetings and conversations are summarized in this chapter.

A. Harpswell's unique role in the region

- 1) Harpswell is part of the Greater Brunswick economic area. Brunswick and Topsham have limited locations for small, low-cost operations—the contractor, landscaper, machine shop, etc. -- that can operate on a well and septic. If there were property owners that had land available for low-cost development, Harpswell might be able to attract some of those types of activities.

- 2) The Maine Regional Redevelopment Authority (MRRA, or the former base) has inquiries that it cannot meet from marine-related businesses for activities such as:
 - Boat storage and (light) repair (5,000 square feet or so)
 - Seafood-related (light) processing:
 - Shellfish-related -- lobster meat, wholesale clams, crabmeat
 - Cleaning, slicing, dicing
 - Water intensive
 - High amount of waste
 - Seaweed space, drying racks, greenhouse
 - Hydroponic aquaculture (seaweed, other)
 - Larger boat builders (Washburn & Doughty, Hodgdon Yacht) – who need a big footprint, high ceiling garage

Most of these uses are inappropriate or not cost-effective at the redeveloped base. Most cannot pay high rents.

B. Perception of town as not interested in more business development

- 1) The benefits of economic development are unclear to residents. Jobs and affordable housing are available in Brunswick. The case hasn't been made that these are needed in Harpswell itself.
- 2) Residents are not interested in spending money on economic development. If a project can support itself, then that's fine. This has been shown at Mitchell Field.
- 3) It is difficult to do different kinds of businesses in the villages because of zoning restrictions.
- 4) Harpswell is viewed as a coastal town unreceptive to business. The high visibility failures to negotiate deals at Mitchell Field with Washburn and Doughty, and the Oceanic Center, contribute to the image.

C. Year-round community

- 1) Town lacks a critical mass of year-round residents to support local businesses.
- 2) Town needs to attract, retain young families, a diverse community. Can't survive as a retirement village.
- 3) Opportunity to become bedroom community for new MRRA development.

D. Tourism

- 1) Most people have never heard of Harpswell. For those staying in the area – overnight in Freeport, or in Brunswick – Yarmouth Visitor Center staff encourage a drive along Route 24 to see the coast along Harpswell. Bailey’s Island and Cook’s Restaurant are attractions.
- 2) Brunswick visitors and the train are an opportunity.
- 3) Lack of tourism infrastructure. Potential visitors can’t find Harpswell – need signage, marketing. Once they come once, they come back. A complicated geography and people don’t know where to go. No parking, no public restrooms, no picnic tables. Need transportation around town.
- 4) Need an information center, what there is to do, kiosks with maps, “you are here,” brochures, a schedule of events. Visitors need more to do, help them spend more when they are here. Smart phone apps and a better town website that has information for visitors. Seasonal attractions, not just summer. Calendar of events. Underused historic assets. A cultural/historic guide. Build on recreation assets. Renters ask, what is there to do? Packets of info for weekly, monthly, summer rentals. Grants to pay for.
- 5) Familiarization tours for travel writers, real estate.
- 6) Need to extend the shoulder seasons. Year-round customers from Brunswick.
- 7) No commercial core, need a place to sell, a central location, a destination. Businesses are disjointed, scattered, hours.
- 8) Promote experiential tourism. Meet the artist, through word of mouth get repeat customers. Lobster tourism. Classes, art camps, packages, knitting weekends, make it easy for visitors.
- 9) Recommend working to expand the visibility of Harpswell on the regional chamber web site.
- 10) Capture Casco Bay Lines visitors. Bike’s at Cook’s.
- 11) Need a place to rent boats, kayaks. People want to get on the water.
- 12) Need a brand.

E. Fishing and Aquaculture

- 1) Part of community heritage, seafood as part of the Harpswell brand.
- 2) Preserving commercial fishing access is critical. Access is precarious. Fishermen living in inherited houses, but taxes go up when neighboring properties are sold at high values. The town brochure is welcome, but summer residents still may not be ready for the smells, sights, sounds of fishing community.
- 3) Fish market in Portland may soon fold due to the loss of market. Real problem is that there is no Maine lobster processor. 75% of soft-shell lobsters are sold to Canada at low prices. If price were even \$.10 higher, would mean an additional \$1 million for lobstermen. If we can reduce transportation costs, that is also more money in lobstermen's pockets. Need higher prices, not more lobsters. There is too much supply -- "lobster landings overwhelm demand; prices tank." Dealers always make the same margin. Same boat price as 1983, but gas, bait are more expensive.
- 4) Lobster processors have too much capacity already. Idle equipment.
- 5) Need new markets, more value-added products. More local retail = higher prices for lobstermen. A Harpswell product, like Chebeague. Farmer's market model. Community supported fishery model. "Boat to table," gives people a chance to meet lobstermen but more work. A cookbook.
- 6) Value added for the wholesale market requires commercial recipe, product development, packaging, low distribution costs, lots of inventory. Much more complicated than knowing how to make good food.
- 7) A shared commercial kitchen for value-added products.
- 8) Change perception that lobsters are a luxury item.
- 9) Promote experiential tourism. Make buying lobster an "experience," cultivate the image. People want to know, understand, feel a connection to "authentic" Maine.
- 10) Diversify, harvest underutilized species. Catch is low relative to what is allowed. Mackerel, whiting, polluck, red fish, maybe dogfish, herring (for food market). Requires product development, market development.
- 11) Helping fishermen diversify their business. Ecotourism, including taking tourists out on

fishing boats, requires different permitting, licensing, insurance. So does selling directly to consumers.

- 12) Harpswell is unique, not many towns have multiple shellfish species.
- 13) Aquaculture growth sectors that might work in Harpswell include:
 - a) Oysters (“booming”)
 - b) Mussels (“spurt”)
 - c) Kelp and aquatic plantsSalmon is not recommended (unless land-based). Cod might work.
- 14) Subletting aquaculture lease is not allowed, but town can help educate neighbors to reduce conflict when a lease is proposed. Recent legislation (Title 12, 6673) allows towns to issue permits for shellfish in the intertidal zone. Hasn’t been used yet, town could work with DMR to develop first ordinance.

F. Mitchell Field

- 1) Mitchell Field is an excellent site for aquaculture. There are good prospects for “sushi line” fish in land-based recirculating aquaculture operations. But the Town’s terms for the site were too expensive. Harpswell Oceanic Center could purchase a property Downeast at a cost less than one year’s rent for Mitchell Field.
- 2) Mitchell Field property is too expensive. But it is still a good site for aquaculture and marine research.
- 3) Mitchell Field is ideal for marine industrial because of size and location (118 acres, ½ mile ocean frontage) but no septic, water, derelict pier. HOC was a high risk business, undercapitalized. Town needs a standing committee to handle negotiations.
- 4) The pier is falling down, will be a major expense for a new developer. Also the roads are narrow, and groundwater is limited.
- 5) Mitchell field for events, weddings.
- 6) A marina there, it has land, parking.

G. Support local businesses

- 1) Money is leaving the community because residents and visitors don’t know what’s here.

Talking services as well as retail. Need to make businesses aware of each other, to support each other. An annual business expo.

- 2) Most effective buy local initiatives are led by a local alliance of businesses. Most are retail.
- 3) Family nature of many businesses means that not all want to grow, sell online, create more products, raise prices.
- 4) Skills and interest of small business owners are in making the product, providing the service, not necessarily “how to run a successful business.” Workshops and training available.
- 5) No central location to sell.

H. Marine research and education

- 1) Charter school will emphasize project based learning, real world impact, and entrepreneurship skills. It will also interact with local businesses.
- 2) Bowdoin College coastal studies center has marine laboratories, currently looking for a new director.
- 3) Older population with disposable income means there are opportunities for adult education. There is also a “kids camp cluster.”
- 4) Fishing, boatbuilding in the classroom. How to build traps, be an entrepreneur. Kids can get apprentice lobster license with a sponsor but don’t know.

5. Focus Areas

Given the economic facts, and the variety and breadth of ideas, where should the town choose to focus its efforts for economic development?

The areas of focus should meet these tests:

- Consistency with town's economic development goals (section II)
- In a sector where the town has skilled workers and experience
- In a sector with potential or likely economic growth statewide in the future

Through a series of public meetings, we identified four areas of focus that met these tests: fishing, aquaculture, and marine related; increased local buying; tourism and arts; and marine research and education. The opportunity, advantages, growth prospects, benefits, and challenges of each are discussed below.

A. Fishing/Aquaculture/Marine Related



Fishing is part of Harpswell's community identity and heritage. The community has strong local knowledge and experience. The benefits of expanded opportunities in fishing include increased income, and jobs, as well as preserving community character.

Three possible opportunities for increasing profits to fishermen were identified: diversifying, local value-added processing, and direct to consumer sales.

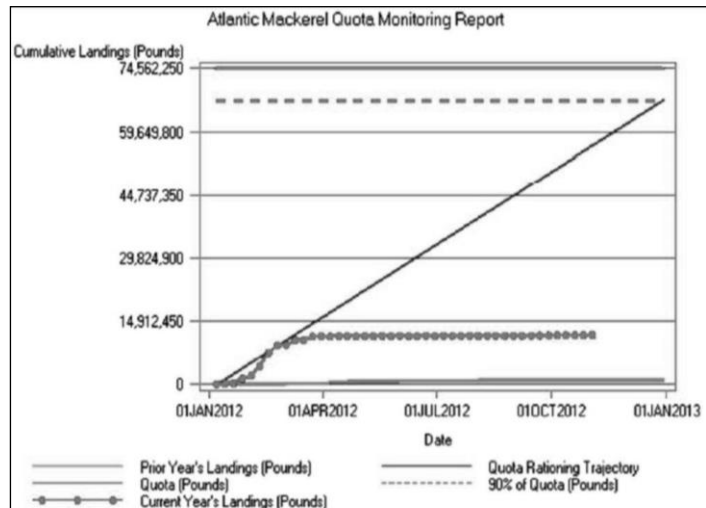
1) Diversify

58% of commercial fishing licenses in Harpswell are lobster licenses.

Underutilized species could be targeted, both through wild harvest and aquaculture, to supplement fishermen's incomes and reduce risk.

Seaweed, for example, is a new and growing market. Seaweed landings totaled 15.3 million pounds in 2011, up from 12.9 million pounds the previous year. There are 11 species of seaweed commercially harvested in Maine, including dulce, kelp, nori and rockweed. In addition to packing material for lobster, rockweed is turned into fertilizers, soil conditioners, animal food and supplements.

A number of locally abundant fish species are currently underused, and marketing efforts could help increase their consumption. The Gulf of Maine Research Institute (GMRI) Underutilized Steering Team has identified five species that are under-fished or under-valued: mackerel, whiting, redfish, Atlantic pollock and northern shrimp. For example, according to GMRI, there is very little market demand for mackerel in the US, with less than 10% of the allowable catch typically harvested. Developing markets for underutilized fish will require both product and market development. The GMRI group is working to help more Portland restaurants feature the five species, while fishermen are working with restaurants to provide them with the freshest fish.



Source: Gulf of Maine Research Institute, www.gmri.org

Aquaculture could also be a part of the solution. According to Dana Morse, Maine Cooperative Extension, "Aquaculture presents an opportunity for Maine fishermen to diversify their income, to use their knowledge, experience, and boats, on a venture that can co-exist with the existing fisheries, and it's a process that's already happening." Dana has been working with several lobster co-ops in Maine to provide training to fishermen to start successful aquaculture ventures. Harpswell could also take advantage of recent legislation allowing towns to issue permits for shellfish aquaculture in the intertidal zone.

2) Local processing

Local processing of fish reduces transport costs and puts more money in fishermen's pockets. The initial capital requirements for a new lobster processing facility are high, securing product is difficult in a market that already has excess processing capacity, and competing Canadian processors benefit from government subsidies. But niche markets exist. Local examples of value-added processing include Calendar Islands in Chebeague, a fishermen-owned business producing value-added lobster products such as frozen "gourmet" lobster pot pie and lobster mac and cheese.

Value added for the wholesale market requires a commercial recipe, product development, and packaging.

Mitchell Field is a potential location for such a processing facility, also Brunswick Landing,

which has air, rail, and road infrastructure.

3) Direct to consumer marketing

Direct to consumer marketing could be done with either a farmer's market or a CSF, a community supported fishery. CSF is modeled after CSA, community supported agriculture. Consumers pay upfront for scheduled seafood deliveries. CSFs can increase fishermen's income by providing a constant premium price for all fish as well as an outlet for fish with low market prices. But they require additional effort, time and capital from the fishermen.



In Maine, the Port Clyde Fishermen's Catch has grown from just one product (Maine shrimp), to include lobster, crab, hake, flounder, monkfish, pollock, squid, cod, haddock and other less well-known species such as skate wings and rock shark. All are harvested using environmentally sustainable fishing methods. They are then processed in the Port Clyde-based, HAACP-certified processing facility and sold to restaurants, at farmers markets, and to CSF members.

B. Buying Local

Supporting local businesses and organizations keeps money in the local economy and strengthens the community (see Appendix B for a list of resources in this area). There are a couple of possibilities for increasing local sales.

1) "Support Harpswell"

"Buy local" programs exist in Maine, and have been demonstrated to increase sales at local businesses. A "Support Harpswell" website, with a directory and/or an interactive map, would provide information to residents and visitors that would help them support local businesses, services and non-profits. A local "Angie's list" type site could allow members to post and access reviews of businesses they patronize, and have been demonstrated to increase sales. See Appendix A for more examples.

One challenge is that most buy local efforts focus on retail, but many businesses in Harpswell are in other sectors -- business services and building and construction contractors. Another is responsibility. Buy local programs are most effective if led by a local business alliance. Who would create and maintain the website and/or materials in Harpswell?

Increasing the size of the year-round population would only help to create a stronger market for local businesses.

2) A Town preferential purchasing policy

In the past, Fort Fairfield, Presque Isle, and Rockland have had policies favoring local businesses in awarding bids. They would award a local contractor over an out of town contractor if the local business's bid was within a fixed percentage of the least expensive bid (2-5%). Other towns approach the issue of local preference indirectly, allowing municipal officials to award bids that are in the "best interest of" the town.¹²

C. Tourism/Arts

Bringing more visitors to Harpswell, helping them spend more money while they are here, and extending the tourism season would increase sales to existing businesses. There are a number of ways Harpswell could work to attract more visitors.

1) Social media

Social media and smart phone apps are changing the tourism industry. Consumers trust the recommendations of their friends and online consumer reviews more than they trust other advertising, including television, magazine and newspaper ads. Almost half of travelers post hotel reviews, and a third of travelers changed their booking after using social media to research travel plans.

Photo posted to the website Trip Advisor, with the caption, "Dock where we got the lobsters!"



By 2015, 9 out of 10 consumers will have a mobile subscription, and 85 % of leisure travelers use their smartphone while abroad. The top uses include searching restaurants and activities and attractions. Some communities have developed smart phone apps for tourists, for example Cape Cod recently replaced its printed Arts Trails guidebook with a mobile phone application that lets visitors search for artists by medium or galleries. It includes an interactive map that displays the current location of the user and with a tap of the screen calls up information such as location, hours of operation, and links to website.

Social media can help Harpswell tourism businesses compete in a global market. The first challenge is cost. A recent quote from an advertising firm to set up a tourism facebook page to

¹² Competitive Bidding: The 'politics' of awarding bids (from Maine Townsman, November 1997) by Jo Josephson

market a region in Maine was approximately \$5,000. But creating the page is just the first step. Who would maintain such a site?

2) Infrastructure

Infrastructure and public amenities for visitors are lacking in Harpswell. This includes signage to and around town, a kiosk (both physical and virtual) with information about things to do, places to go, and local businesses, and public bathrooms.

Signage is helpful everywhere. Kiosks and bathrooms only justify the capital and maintenance expense if they are located in places where tourists gather in significant numbers.

3) Travel packages

Travel packages can simplify the process for vacationers - who now browse dozens of websites to create that perfect family vacation. Packaged itineraries can attract visitors, increase spending and extend length of stay. Combining Harpswell's attractions with its restaurants and accommodations would increase visitors and sales.

D. Marine Research/Education

1) Marine research cluster

Harpswell can capitalize on the new charter school, and the presence of Bowdoin College Coastal Studies. Harpswell Coastal Academy has now been approved by state, and will emphasize project based, place based learning, real world impact, and entrepreneurship skills. HCA is expecting 60 students in the first year, and will grow to 280 by 2017. The Bowdoin College facility has marine laboratories and a pier. Local businesses and organizations can partner with these educational institutions to bring real-world issues into the classroom, and engage students' interest in careers.

The benefits of such a cluster would include new businesses, year-round families, and jobs.

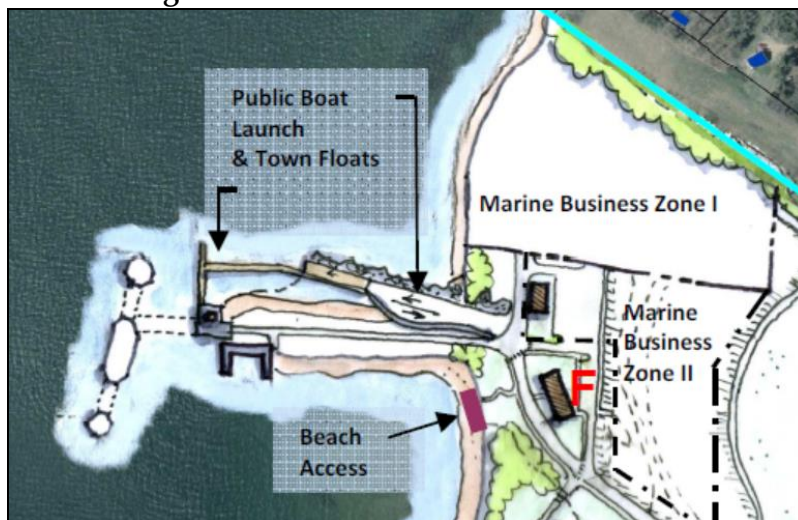
But the charter school is new, and still in development. Bowdoin College Coastal Studies Center is currently looking for a new director. Both would be excellent partners, but likely not ready to take the lead in any community initiatives.

6. Mitchell Field

An undercurrent during the various meetings and interviews conducted by the consultant during the process has been the future of economic activity at Mitchell Field.

Mitchell Field is a 119.3 acre Town-owned property with a half mile of waterfront, located on Harpswell Neck. The Town acquired the property in 2001 from the Federal Government after the Fuel Depot closed in 1992 and the property was remediated. There is a Master Plan for the site that was approved in Town meeting in 2007. The Plan calls for two business zones on the site, one five acres with direct access to 550 feet of water frontage, and the second four acres with indirect access to the water. The plan envisioned a larger marine-related activity (like boat building) in zone 1, and smaller businesses in zone II. The Town has amended its land use ordinances to require that at least 45% of the leased area in either zone to be dedicated to “aquaculture, marinas, boat repair facilities, and/or functionally water dependent uses.” Commercial buildings and associated roads and parking in the zone are limited to 70% of the lot area and 30 feet in height. Depending on the use, parking requirements, environmental restrictions, etc., this might mean buildings with a maximum footprint of 50,000 to 75,000 square feet on each site.

Figure 11: Mitchell Field Business Zones



Infrastructure at the site is in poor condition¹³. The pier is crumbling, and estimates for costs for repair and replacement from \$875,000 to \$6 million. The 3,800 foot access road from Route 123

¹³ See *Draft Preliminary Infrastructure Plan, Mitchell Field Marine Business District, Harpswell, Maine* Prepared for the Town of Harpswell by DeLuca-Hoffman Associates, February, 2012

has poor site lines and needs resurfacing. There are limits on the amount of groundwater that may be used on site (set by Maine DEP). A septic system would have to be built for any activity. The Master Plan envisioned that the Town and potential new businesses would share in infrastructure upgrade costs.

There have been at least three major economic activities seriously proposed for the site. In 2003, a liquefied natural gas terminal was proposed for the site. It was rejected at town meeting. In 2007, the boatbuilder Washburn and Doughty proposed expanding its tugboat construction business into Harpswell. The developer withdrew from negotiations with the Town when local opposition emerged.¹⁴ Both of these proposals emerged before the Master Plan was finished.

In 2011, a local nonprofit group proposed a Harpswell Oceanic Center at the site, which would include a land-based recirculating water aquaculture operation, an educational visitors center, and subleases to research institutions. The negotiations between the development team and the Town broke down in the fall of 2012. The business zone remains vacant.

There were various reasons for the breakdown in the most recent proposal. From the Town's point of view, negotiators felt it was too risky to enter into a financial agreement with an organization that lacked a business plan and confirmed financing for a development that might approach \$10 million. From the developer's point of view, the lease payments (phased up to \$120,000 per year, along with 1.5% of gross revenues) were too high, and the liability requirements (including requiring personal guarantees from individual board members to pay for environmental damage) too onerous.

The negotiations did not reach the point of dealing with difficult infrastructure financing questions, which would have added to the financial burden of the project on both parties in the end.

It is difficult to compare lease terms for Mitchell Field with other properties along the Maine coast. Mitchell Field has unique economic assets – such as deep-water frontage on the ocean with easier access than Portland harbor – and unique liabilities – such as a collapsing pier and utility issues, and a limited amount of land available for business purposes.

Comparisons to lease terms on the Portland waterfront reveal that the per square foot cost in Harpswell is lower than that in Portland, even when the 1.5% revenue sharing proposal is considered. But the Portland Fish Pier rents include finished space and access to utilities, neither of which is present in Harpswell.

¹⁴ The Forecaster, "Amid probes by developers, Harpswell awaits specific proposals for Mitchell Field," August 6, 2009

Table 16: Waterfront lease terms compared

Business	Location	Lease	Use	Size (sf)	Rent/ year	Rent per square ft
Harpswell for Oceanic proposal	Mitchell Field	land	structures, parking	9 acres (392,040)	\$120,000 plus 1.5% of gross revenues	31 cents plus
Browne Trading Company	Portland Fish Pier	land	parking	23,922	\$17,680	74 cents
Tamaki Associates –	Portland Fish Pier	land and building	seafood receiving, processing, storing,	16,573	\$9,944	60 cents
Bristol Seafood –	Portland Fish Pier	land and building	packaging, shipping	37,634	\$37,634	\$1.00

Looking at land in the immediate area, Bath is selling property in its Wing Farm Business Park. This land does not have water access. However, it has good road access to Route 1, 3 phase power, and water and sewer facilities. The price for some of the lots is less than one year's lease at the Harpswell facility.

Table 17: Land prices in Wing Business Park in Bath

Lot	1	2	3	4	5	6
price	\$ 84,900	\$ 80,400	\$ 104,000	\$ 106,000	\$ 101,800	\$ 129,900
acres	2.5	2.44	3.22	5.57	7.25	6.12
sf	108,900	106,286	140,263	242,629	315,810	266,587
psf	\$ 0.78	\$ 0.76	\$ 0.74	\$ 0.44	\$ 0.32	\$ 0.49

The Midcoast Regional Redevelopment Authority at the former Navy base in Brunswick also has dozens of buildings available for lease, and hundreds of acres as well. Each one is so unique, and so unlike Harpswell, that they do not offer a good comparison.

Given the above facts, the town policy – formal and informal -- about the type of business that is desired at Mitchell might be summarized as follows. The business should be:

1. Marine-related;
2. Small – able to fit into a few buildings with a footprint of less than 75,000 square feet;
3. Able to operate without any noise, smell, or trucking impacts that are incompatible with a surrounding recreation area and residential homes;

4. With sufficient assets to qualify for an initial infrastructure loan in buildings, parking, pier improvements, road improvements, well and septic systems, that might run in the millions of dollars;
5. With sufficient revenue to pay off such a loan, in addition to substantial annual lease payments to the town.

In the experience to date of the town, the businesses that had sufficient assets and revenue were too large and had too many impacts; and the business that was small didn't have the assets or revenue.

The question is whether there is any business that fits the profile above. The likelihood is that there are few or none. Small maritime businesses don't have this kind of cash flow. Large maritime businesses have more impacts and need more space.

It is now 6 years since the Town Meeting approved the Mitchell Field Master Plan. More information is coming available on the costs of infrastructure. Experience has been gained through business negotiations. It is time for the Town to revisit the Plan, to see whether it provides the basis for a realistic "business plan" for the development and maintenance of the infrastructure, and for the attraction of viable marine-related businesses; and if not, to revisit some of the basic assumptions of that plan, and recommend changes as needed.

7. Proposed Strategy

The economic challenges in Harpswell are that land is expensive, road access is limited, and the labor force is small. The idea of centering a local economic development strategy around the pursuit of a large manufacturer is unrealistic.

But there is another way. Harpswell has a diverse and strong small business sector, consisting of fishermen, artists, contractors, innkeepers, restaurant owners, craftspeople, and professionals. It has long been known that the major source of job growth in a region is from existing small businesses. Small businesses accounted for 88% of job growth nationally. Virtually all of this is in start-ups and expansions. The movement of business from one location to another plays a “virtually negligible” role in job growth in most regions.¹⁵

Therefore, the most realistic and most effective strategy for Harpswell to foster economic growth consistent with its character is to strengthen and support existing small businesses. This approach builds on Harpswell’s existing competitive advantages. Another term for a strategy such as this, which builds on the community’s strengths, is “asset-based.”

Here is the broad framework for the strategy.

Goals:

- 4) Grow year round sales, particularly in the greater Brunswick area market (which is where the year-round residents of the region mostly live);
- 5) Grow the fisheries sector through the diversification of species, aquaculture, and niche food processing; and
- 6) Increase sales to tourists, seasonal residents, and year-round residents through an aggressive adoption of social media marketing.

Recommendation 1: The Town of Harpswell should lead the economic development strategy:

Economic development is a long term commitment. Contrary to some public perceptions, it cannot be achieved by one big action. It requires steady, systematic, consistent small steps over a several year period.

¹⁵ David Birch, Job Creation in America, 1987, pp. 16 and 24.

There are several organizations in the community which can help greatly in the process, including the Harpswell Art and Craft Guild and the Harpswell Business Association. However, these organizations are operated by volunteers. They are not capable of sustaining a day in, day out effort over time to build the markets and capacities of local businesses. The only organization in the town which is capable of a steady, sustained, multi-year effort such as this is the Harpswell **town government**.

Therefore, we recommend that the Town of Harpswell accept the responsibility for overseeing this small business development strategy over the next three years. Such a strategy can be started by using existing staff to help with internet marketing, grant applications, and creating a resource library.

If these efforts bear fruit, in the future the Town might consider hiring a staff person dedicated to economic development. If so, the position would not be the traditional “economic development director” position common in other communities, whose focus is to fill business parks, create financing loan funds, and attract outside businesses to move to town. Instead, the holder of this job should have expertise in the areas of social media, small business marketing, training, and working with volunteers and community organizations.

Recommendation 2: The effort should focus on supporting local businesses.

The general term “support” encompasses a variety of activities:

Support includes ongoing communication with local businesses to understand their needs, undertaking marketing activities, and bringing in outside experts with specific skills to teach.

a) Communication

- Visit and talk with local businesses on a regular basis. This is essential to understand what kinds of marketing issues need to be addressed, what kinds of technical support need to be brought in, and what kinds of grants should be applied for. There is an existing format for conducting local “business visitations” that could be used to document findings (see <http://www.maine.gov/labor/careerctr/employer-resources/visitation/index.shtml>)

b) Technical assistance

- Keep an updated list of economic development resources and sources of help for local Harpswell businesses to make use of (Appendix A provides a start). This could be a list on the town website, and/or a business resource section in the town library.

- Set up workshops on topics that can help local businesses grow, such as:
 - how to get into aquaculture
 - how to develop a new food product
 - how to write a business plan and get financing, access grants, etc.
 - how to utilize social media and mobile devices effectively in marketing
 - how to create “packages” and “experiences” for visitors and tourists.

Such workshops might be coordinated through an annual local business expo that brings a variety of business assistance programs to town for a day.

- Write grant applications for the town or for local organizations to support efforts that further small business growth;

c) Marketing

- Create (and maintain daily) a website and facebook page with an interactive map or directory of local businesses. Many town websites include a business directory, others have featured businesses or organizations. The City of Bath has a good website with distinct links for residents, businesses and visitors. Visitor information includes attractions, events, local businesses, and organizations.



- Develop a town “brand”



- Develop a “historic/cultural guide,” similar to the printed recreation guide or the Museum in the Streets;
- Create a system of signage that makes the town easy to navigate for visitors;
- Create other tourism infrastructure, such as restrooms and ATM machines;
- Work closely with the Southern Midcoast Maine Chamber, which includes 16 cities and towns, and market aggressively to the local area in the off seasons.

Recommendation #3: Evaluate performance annually.

We recommend evaluating the success of this on an annual basis, specifically in relation to the three goals listed above. The table below suggests some specific measures that could be used. Have local businesses increased activity in the winter and spring? Has the fishing industry diversified? Have lodging and restaurant sales grown? This information should help set priorities for future activities, as well as provide a point of evaluation of the effectiveness of what has happened in the past.

Table 18: Possible Measures of Success

Goal	Current Situation	2015 Measure
1. Grow year round economy	Average employment in 1 st quarter, 2011 is 318 people (compared to 582 in summer – see Table 11)	<i>Average employment in the first quarter of 2015 of 350</i>
2. Grow and diversify fisheries	2 aquaculture sites in town (see Chapter 3, part J) 168 fishing licenses not for lobster or shellfish (see Table 14)	<i>4 aquaculture sites in town 175 fishing licenses not for lobster or shellfish</i>
3. Increase tourism	\$8 million in restaurant and lodging sales in 2011 (see Table 13)	<i>\$11 million in restaurant and lodging sales in 2015.</i>

Recommendation #4: A business plan for Mitchell Field

We also recommend that the Mitchell Field Implementation Committee be charged with creating a business plan for the financing of infrastructure improvements over the next ten years; and recommendations on changes in the current approach that would make the site more attractive to marine businesses in the future.

Appendix A: Small Business Resources

Programs to assist entrepreneurs and small businesses here in Maine:

Maine Small Business Development Centers (www.mainesbdc.org) – Maine Small Business Development Centers (Maine SBDC) provide comprehensive business management assistance to the Maine small business communities, statewide, through a network of professional, certified business counselors. These services are no-charge and confidential.

SCORE (www.scoremaine.org) – Business counseling, at no charge, from people with significant business experience including legal, financial, marketing and accounting backgrounds.

CEI (www.ceimaine.org) – CEI is a private, nonprofit Community Development Corporation and Community Development Financial Institution that provides financing and support for job-creating small businesses, natural resources industries, community facilities, and affordable housing.

Women, Work and Community (www.womenworkandcommunity.org/) - helps individuals recognize strengths, overcome barriers, find resources, develop a plan, take action towards their goals: start a business, find a career, return to school, build assets, and be active in the community.

Maine Department of Economic and Community Development: Business Answers (<http://www.maine.gov/online/businessanswers/>) - Business Answers was designed to make it easier to start and conduct business in the State of Maine.

Maine Center for Entrepreneurship (<http://www.mced.biz/>) - The Maine Center for Entrepreneurial Development (MCED) is a private non-profit founded in 1997 that assists entrepreneurs building scalable innovation based Maine businesses.

Maine Women's Business Center (<http://www.wbcmaine.org/>) - The Women's Business Center provides confidential business counselling and practical workshops for entrepreneurs throughout Maine who want to start, maintain or grow their businesses. Our services are targeted at, but not limited to, women.

For more information, please contact: Brad Swanson, Maine Certified Master Business Counselor, Maine Small Business Development Center @ CEI, Email: wbs@ceimaine.org

Appendix B: Buy Local Programs

TYPES OF PROGRAMS

1. Discount

How it works: Individuals pay a small yearly fee, get a card that entitles them to discounts at local businesses. Businesses join (free), choose the discounts.

Examples

-Belleville, IL (both card and an app!):

http://www.bellevillemainstreet.net/index.php?pagekey=belleville1st_info

-GoLocal Austin: Loyalty Card: <http://golocalaustin.com/about>

-BeLocal Concord: <http://www.belocalconcord.com/>

-GoLocal Card Program: <http://thegolocalcard.com/>

2. Website/Directory

How it works: Businesses pay to join, organization promotes them to local shoppers.

Examples

-Buy Local Bangor: <http://www.buylocalbangor.com/>

-Seacoast Local: <http://seacoastlocal.org/>

-Portland Buy Local: <http://www.portlandbuylocal.org/>

-Bellingham, WA: <http://sustainableconnections.org/thinklocal>

-Monadnock Buy Local: <http://monadnocklocal.org/>

-Monadnock Buy Local 2011 Report:

<http://monadnockbuylocal.files.wordpress.com/2012/02/mbi-annual-report-2011-final.pdf>

3. Gift Cards

How it works: Gift cards or “downtown bucks” that can be used at multiple retailers.

Examples

-Freeport Bucks (not available online – you can buy them at the Freeport Chamber of Commerce)

Traverse City, MI: <http://www.downtowntc.com/gift-certificates/>

4. Local Preference Purchasing Policy

How it works: Varies, but encourages local government to give preference to local merchants.

Example

Cedar Rapids Local Preference Purchasing Policy: <http://www.cedar-rapids.org/government/departments/purchasing/pages/buylocal.aspx>

OTHER RESOURCES

BALLE/Be a Localist

<http://bealocalist.org/>

American Independent Business Alliance

<http://www.amiba.net/buy-local-campaigns>

Institute for Local Self Reliance

<http://www.ilsr.org/>

Appendix C: Public Forum Notes

Public Meeting #1

Tourism

Potential visitors can't find Harpswell – need signage, marketing

Visitors need more information about what there is to do

Smart phone apps

Town website that has information for visitors

Underused historic assets

Need transportation around town

Need public bathrooms

Offer travel packages

Extend the shoulder seasons

Year-round community

Threshold number of people

Young families

How to become bedroom community for MRRA

Buy local

Money leaving the community

Residents and visitors need to know what's here

Including services

Fishing and Marine

Part of community heritage

Processing

Boat building and marina

Mitchell Field deep water port

Marine research

Manufacturing

No heavy industry – impacts – pollution, noise, limited water

Narrow roads

More cottage industry

Meeting with Arts Guild

Signage!

Complicated geography and people don't know where to go

Businesses are disjointed, scattered, hours

No commercial core, need a place to sell, a central location, a destination

But also the experience, meet the artist, word of mouth, repeat customers

Classes, a vacation experience, packages, knitting weekends, make it easy

If people come once, they come back

Brunswick visitors and the train

Need an art shuttle

Need facilities, bathrooms

Kiosks with maps, brochures, a schedule of events – no place to go for info

Need help marketing

Town website is underutilized

Historical, writers, women

Classes for kids, art camps

Packets of info for weekly, monthly, summer rentals

Meetings with Fishermen

Entrepreneurs, multiple jobs and self-employed

Change perception of lobsters from luxury item

“Boat to table” give peoples a chance to meet lobstermen but more work, a cooperative?

Lobstering, need higher prices not more lobsters, dealers always make the same margin

Same boat price as 1983, but gas, bait are more expensive

Need new market

Calendar Islands example

Value added products

A Harpswell product, like Chebeague

More local retail = higher prices for lobstermen

A farmers market

A cooperative store with crafts, more sales with shared effort

Reduce transport cost = more money in lobstermen's pockets

Supply/demand, “Lobster landings overwhelm demand; prices tank”

Buying lobster as an experience, cultivate the image

People want to know, understand, feel a connection

Authentic, Sturbridge Village

Access is precarious

Fishermen living in inherited houses, but taxes when neighboring properties valued high

Town brochure, welcome but smells, sights, sounds
Town doesn't understand small business, people would support economic development staff
A resource list for businesses
Making businesses aware of each other, to support each other
Family nature of many businesses, don't want to sell online, more products, raise prices

Visitors need more to do
No visitors kiosk, where do I buy lobsters, people don't understand the geography
Not a welcoming place to visit, nowhere to park, no place to stay, no idea what to do, no way to get around
A shuttle
Help visitors spend more when they are here
Packages
Seafood as part of the Harpswell brand, a destination if people knew all there is to offer

Public Meeting #2

Marine research and education

Assets: Bowdoin College, charter school, marine environment, culture, critical mass of marine activity, Mitchell Field

Opportunities: Older population with disposable income, adult ed, kids camp cluster, eco-tourism

Fishing

Assets: 216 miles coastline, quality of environment, fishing expertise, boatbuilding expertise, volume of catch

Opportunities: CSA/farmers market, lobster pound, diversify, product branding, processing, cookbook, tournaments and boat races, Linda Bean

Marketing/Tourism

Assets: waterfront, scenery, access, seafood, trails and conserved land, villages, historic assets, community organizations, arts and crafts

Opportunities: Signage, kiosk, town website, authentic, airport and train, branding, smartphone apps, targeted marketing

Public Meeting #3

Tourism

1. Mitchell Field

- Weddings

- Events
 - Booze
 - Rules
 - Infrastructure
 - Grants for barricades, PA, communications
 - Historical celebration
2. Kiosks
 - Laminated maps, “you are here”
 3. Familiarization tours
 - Writers – travel/media
 - Real estate
 - Bowdoin college staff
 4. Cultural/Historic guide
 - Combine with recreation
 - Arts grant
 5. Year-round business from Brunswick/Bowdoin
 6. Town tourism web page
 - Seasonal updates
 - Interactive map
 - With businesses on it
 - Printed version
 7. Event
 - Town help sponsor
 - Summer event
 - Team up with other towns
 - Bird watching
 - Fall leaves
 - Food handlers ordinance allows carts
 8. Signs
 9. Arts grants
 - Arts center/market proposal (like Jacksonville, Portland Or.)
 10. Harpswell historic society underused
 - Sponsor of calendar of events
 - Geneology
 11. Town packages
 - Cross train
 12. Phone apps
 - Room rates

Fishing

1. Capture Casco Bay lines people
 - Bikes at Cook's (H2O Outfitters)
2. Commercial kitchen – value added products
 - Grange
 - Co-use with charter school
3. Agri-lobster tourism
 - Casco bay tuna club – oldest in Maine, last week in June
 - Lobster boat tours
4. Aquaculture
 - Seaweed
 - Maybe finfish
 - Mapping
 - Workforce, market
 - Workshops for interested parties, educating neighborhoods
5. 1 of 2 wardens = marine resources advocate
6. Open meetings- aquaculture training
 - in community school, in charter school
7. Kids lobster licenses
8. No facility that rents boats (H2O)
 - Rowboat, kayak, motorboat
 - Get on the water
 - Tour boats, cruise boats, 2 masted, at Cook's
 - "Maine Guide to Lobsters" around town
9. No seafood store! Seasonal?

"Support Harpswell"

1. Website and map
2. Recruit businesses into association
 - Business visitation
3. Maine Home Design Magazine
 - Ads for Kennebunkport
4. The arts district
 - Name parts of town -- branding
5. Workshop on market analysis
6. Community tv
 - Recipes
 - Brunswick redevelopment